



## CITY COUNCIL AGENDA ITEMS

**To:** Mayor and City Council  
**From:** Dean Rich, Director of Finance  
Walter Denton, City Administrator  
**Date:** September 5, 2006  
**Subject:** Ordinance Approving an Economic Incentive for Frieze Harley Davidson

**List of committees that have reviewed:** Finance and Administration

**Background.** The city and Frieze Harley-Davidson have been working on this project for the last 18 months. Ms. Frieze was looking for affordability, accessibility and the potential to generate a return on her investment. The city had provided accessibility with our new interchange and the market dictated affordably so that left economic incentives to make the project viable. The city's goal is to help improve her business economics by reducing development cost. In short, every dollar she could save on development cost is a dollar she can put in motorcycles for the sales floor. This economic incentive agreement provides up to \$125,000 over a ten-year period and is a 50/50 sales tax rebate which only creates an obligation after the city has received the sales tax. During the past 6 weeks, Ms. Frieze has committed to developing her dealership as the first Green Certified Harley Davidson dealership in IL. The extra cost to meet the environmental requirements in the Green Certification program will be possible due to this agreement. This will provide added benefit to the city as we will be recognized as a partner in her efforts to be the first Green Harley-Davidson dealership in IL and hopefully encourage other businesses to adopt these environmental standards. With the passing of the predevelopment agreement on 13 July, Ms. Frieze closed on the property and is ready to proceed. The Economic Incentives will require 2 votes.

**Legal Considerations, if any:** Attorney Kurt Froehlich will represent the city in finalizing the agreement.

**Budget Impact:** The incentive agreement is a 50/50 sales tax rebate of up to \$125,000 to help establish a viable business on a prime piece of property that has sat vacant for over 9 years.

**Staff recommendation:** All aspects of this agreement are in accordance with the City of O'Fallon Policies for Providing Economic Development Funding Assistance.